

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W.R. GRACE & CO., <i>et al.</i>, Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (KJC)
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**FEE AUDITOR’S FINAL REPORT REGARDING THE AMENDED
SEVENTEENTH QUARTERLY AND FINAL APPLICATION OF SCARFONE
HAWKINS LLP FOR COMPENSATION FOR SERVICES RENDERED
AND REIMBURSEMENT OF EXPENSES FOR THE INTERIM FEE PERIOD
FROM JANUARY 1, 2014 THROUGH FEBRUARY 3, 2014 AND THE FINAL
FEE PERIOD FROM DECEMBER 21, 2009 THROUGH FEBRUARY 3, 2014**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Amended Seventeenth¹ Quarterly and Final Application of Scarfone Hawkins LLP for Compensation for Services Rendered and Reimbursement of Expenses for the Interim Period from January 1, 2014 through February 3, 2014 and the Final Fee Period from December 21, 2009 through February 3, 2014 (the “Application”).

BACKGROUND

1. Scarfone Hawkins LLP (“Scarfone Hawkins”) was retained as Canadian counsel to the Canadian Zonolite Attic Insulation Claimants. In the Application, Scarfone Hawkins seeks approval of fees and expenses as follows: fees totaling CDN \$38,812.50² and expenses totaling CDN

¹Although this is the seventeenth quarterly fee application which Scarfone Hawkins has filed in the case, it covers January 1, 2014 through February 3, 2014, which is the Fifty-Second Interim Period.

²All monetary amounts listed in this report are in CDN.

\$5,051.45 for its services from January 1, 2014 through February 3, 2014 (the “Fifty-Second Interim Period”), and final approval of fees totaling \$429,799.89³ and expenses totaling \$61,931.48⁴ for its services from December 21, 2009 through February 3, 2014 (the “Final Application Period”).

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2014, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the “U.S. Trustee Guidelines”), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

DISCUSSION

Fifty-Second Interim Period

3. We have no issues with, or objections to, Scarfone Hawkins’ fees and expenses for

³We note that the total of the fees requested in Scarfone Hawkins’ 16 prior fee applications, plus the compensation sought for the Fifty-Second Interim Period, is \$429,799.89. It does not appear that Scarfone Hawkins has deducted from this amount any of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 5, to arrive at the figure it seeks of \$429,799.89. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

⁴We note that the total of the expenses requested in Scarfone Hawkins’ 16 prior fee applications, plus the expenses sought for the Fifty-Second Interim Period, is \$61,931.48. It does not appear that Scarfone Hawkins has deducted from this amount any of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 5, to arrive at the figure it seeks of \$61,931.48. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

the Fifty-Second Interim Period, and thus we did not send an initial report to Scarfone Hawkins.

4. Thus, we recommend approval of CDN \$38,812.50 in fees and CDN \$5,051.45 in expenses for Scarfone Hawkins' services for the Fifty-Second Interim Period.

Prior Interim Applications

5. We note that we previously filed the following final reports for Scarfone Hawkins' prior interim applications, which final reports we incorporate by reference herein, and we also note the following orders that ruled on Scarfone Hawkins' prior interim fee applications:

36th Period: Fee Auditor's Final Report Regarding the Quarterly Fee Application of Scarfone Hawkins LLP for the Period of December 21, 2009 through March 31, 2010 (Docket #25289), filed on or about August 30, 2010, in which we recommended approval of fees totaling \$98,118.75 and expenses totaling \$10,251.05, reflecting our recommended reductions of \$560.00 in fees and \$148.50 in expenses, as further explained in paragraphs 3 and 4 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Sixth Period, dated September 13, 2010 (Docket #25397).

37th Period: Fee Auditor's Final Report Regarding the Quarterly Fee Application of Scarfone Hawkins LLP for the Period of April 1, 2010 through June 30, 2010 (Docket #25774), filed on or about November 18, 2010, in which we recommended approval of fees totaling \$59,494.00 and expenses totaling \$6,986.22, reflecting our recommended reduction of \$148.31 in expenses, as further explained in paragraph 3 of that final report. These recommendations

were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Seventh Period, dated December 10, 2010 (Docket #25905).

38th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Eighth Interim Period (Docket #26519), filed on or about March 9, 2011, in which we recommended approval of fees totaling \$33,730.00 and expenses totaling \$5,817.79. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Eighth Period, dated March 25, 2011 (Docket #26627).

39th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Ninth Interim Period (Docket #27116), filed on or about June 21, 2011, in which we recommended approval of fees totaling \$23,348.75 and expenses totaling \$3,065.44. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Ninth Period, dated June 30, 2011 (Docket #27188).

40th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fortieth Interim Period (Docket #27507), filed on or about August 25, 2011, in which we recommended approval of fees totaling \$41,490.00 and expenses totaling \$7,860.55. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fortieth Period, dated September 20, 2011

(Docket #27622).

41st Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-First Interim Period (Docket #28070), filed on or about December 2, 2011, in which we recommended approval of fees totaling \$29,156.25 and expenses totaling \$4,036.68. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-First Period, dated December 14, 2011 (Docket #28150).

42nd Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Second Interim Period (Docket #28548), filed on or about February 20, 2012, in which we recommended approval of fees totaling \$29,185.89 and expenses totaling \$6,445.48. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Second Period, dated March 23, 2012 (Docket #28705).

43rd Period: Fee Auditor's Final Report Regarding the Quarterly Fee Application of Scarfone Hawkins LLP for the Period of October 1, 2011 through December 31, 2011 (Docket #28749), filed on or about March 30, 2012, in which we recommended approval of fees totaling \$8,887.50 and expenses totaling \$3,154.58, reflecting our recommended reductions of \$896.25 in fees and \$337.50 in expenses, as further explained in paragraphs 3 and 4 of that final report. These recommendations were adopted in the Order Approving

Quarterly Fee Applications for the Forty-Third Period, dated June 14, 2012 (Docket #29054).

44th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Fourth Interim Period (Docket #29449), filed on or about August 13, 2012, in which we recommended approval of fees totaling \$15,296.25 and expenses totaling \$2,056.21, reflecting our recommended reduction of \$386.25 in fees, as further explained in Appendix E of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Fourth Period, dated October 19, 2012 (Docket #29746).

45th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Fifth Interim Period (Docket #29988), filed on or about December 4, 2012, in which we recommended approval of fees totaling \$8,351.25 and expenses totaling \$1,112.15, reflecting our recommended reduction of \$183.75 in fees, as further explained in Appendix M of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Fifth Period, dated December 11, 2012 (Docket #30036).

46th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Sixth Interim Period (Docket #30382), filed on or about March 7, 2013, in which we

recommended approval of fees totaling \$7,743.75 and expenses totaling \$1,006.70. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Sixth Period, dated March 27, 2013 (Docket #30440).

47th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Seventh Interim Period (Docket #30840), filed on or about July 17, 2013, in which we recommended approval of fees totaling \$5,340.00 and expenses totaling \$697.14. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Seventh Period, dated July 31, 2013 (Docket #30907).

48th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Eighth Interim Period (Docket #31080), filed on or about September 6, 2013, in which we recommended approval of fees totaling \$6,420.00 and expenses totaling \$834.60. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Eighth Period, dated September 24, 2013 (Docket #31158).

49th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Ninth Interim Period (Docket #31404), filed on or about November 26, 2013, in which we recommended approval of fees totaling \$7,020.00 and expenses totaling

\$916.89. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Ninth Period, dated December 17, 2013 (Docket #31482).

50th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fiftieth Interim Period (Docket #31838), filed on or about March 11, 2014, in which we recommended approval of fees totaling \$7,225.00 and expenses totaling \$942.50. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fiftieth Period, dated March 11, 2014 (Docket #31963).

51st Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fifty-First Interim Application Period (Docket #32197), filed on or about May 13, 2014, in which we recommended approval of fees totaling \$8,153.75 and expenses totaling \$1,061.74. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fifty-First Period, dated May 23, 2014 (Docket #32216).

6. We have reviewed the final reports and orders allowing fees and expenses for the prior interim periods, and we do not believe there is any reason to change any of the amounts awarded for the prior interim periods.

CONCLUSION

7. Thus, we recommend final approval of CDN \$427,773.64 in fees (CDN \$429,799.89⁵ minus CDN \$2,026.25)⁶ and CDN \$61,297.17 in expenses (CDN \$61,931.48⁷ minus \$634.31)⁸ for Scarfone Hawkins' services for the Final Application Period.

⁵We note that the total of the fees requested in Scarfone Hawkins' 16 prior fee applications, plus the compensation sought for the Fifty-Second Interim Period, is \$429,799.89. It does not appear that Scarfone Hawkins has deducted from this amount any of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 5, to arrive at the figure it seeks of \$429,799.89. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

⁶This is the amount of the Court-approved reductions for the prior interim periods, not previously deducted by Scarfone Hawkins. *See* paragraph 5.

⁷We note that the total of the expenses requested in Scarfone Hawkins' 16 prior fee applications, plus the expenses sought for the Fifty-Second Interim Period, is \$61,931.48. It does not appear that Scarfone Hawkins has deducted from this amount any of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 5, to arrive at the figure it seeks of \$61,931.48. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

⁸This is the amount of the Court-approved reductions for the prior interim periods not previously deducted by Scarfone Hawkins. *See* paragraph 5.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.



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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 6th day of August, 2014.



Warren H. Smith

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